

J.J. NEWBERRY CO.

1968 ANNUAL REPORT

RECEIVED PUBLIC LIBRARY
BUSINESS INFORMATION
CORPORATION FILE



About Newberrys...

UNITED STATES

Britts 

Full line department stores

Newberrys 

Department and variety stores and fabric shops

Hesteds 

Department and variety stores

Lee's 

Department and variety stores

Taylors

Ladies' dress shop

★ *W^m*
Tally House

Free standing restaurants and cafeterias

Holland House Free standing restaurants and cafeterias

CANADA

UNITED

Department and variety stores

Britts

Full line department stores



OSLINDS

Full line department stores

Sweet Sixteen

Women's specialty shops



J. J. NEWBERRY CO., 245 FIFTH AVENUE, NEW YORK, N.Y. 10016

Comparative Highlights

	1968†	1967†
Sales	\$376,098,046	\$360,317,631
Net Earnings	\$ 5,456,641	\$ 5,033,632
Earnings Per Common Share	\$ 2.59	\$ 2.38
Dividends Per Common Share	\$.80	\$.60
Depreciation and Amortization	\$ 4,045,000	\$ 3,694,000
Working Capital	\$ 59,128,364	\$ 61,521,246
Current Ratio	2.4 to 1	2.6 to 1
Common Stockholders' Equity	\$ 73,035,246	\$ 69,165,188
Book Value Per Common Share	\$37.19	\$35.35
Number of Units at Year-end:		
United States	511	514
Canada	153	30

†Years which end January 31st of the subsequent year.

The common and preferred stocks of J. J. Newberry Co. are listed on the New York Stock Exchange.

The annual meeting of stockholders will be held at the Prince George Hotel (28th Street east of 5th Avenue) New York City at 11 A.M. on Tuesday, June 10, 1969.

Contents

Comparative Highlights	1
Letter to Shareholders	2
Operations in the United States	4
Merchandising	6
Consolidated Statement of Income and Retained Earnings	7
Consolidated Balance Sheet	8
Notes to Financial Statements	10
Ten Year Summary Highlights	12
Auditors' Report	13
Consolidated Statement of Source and Application of Funds	14
Fabric Shops	15
Food Service	16
Operations in Canada	18
Officers & Directors	20
Map of Store Units	22

To Our Shareholders

We are pleased to report that for the fiscal year ended January 31, 1969, both sales and earnings were higher than for the prior fiscal year.

Sales--including Canadian operations--rose to a record high of \$376,098,046, a gain of 4.4% over sales of \$360,317,631 for the fiscal year ended January 31, 1968.

Earnings before taxes were \$11,206,641, some 22.9% greater than the \$9,118,632 attained in the prior fiscal year.

Net earnings rose to \$5,456,641 or \$2.59 a share. This represents a gain of 8.4% over net earnings of \$5,033,632 or \$2.38 a share for the fiscal year ended January 31, 1968.

The impact of increased taxes on the past fiscal year's net earnings is noteworthy. The effective rate of Federal Income Taxes increased to 51.3% from 44.8%, principally because of the 10% surtax. This new tax reduced net earnings for the fiscal year just ended by \$550,000, or 28 cents per common share.

DIVIDENDS

During the fiscal year ended January 31, 1969, regular quarterly dividends of 20 cents per common share, or a total of 80 cents for the year, were declared. This represents an increase of 33 1/3 % over the prior fiscal year.

In addition, the regular quarterly dividends on preferred shares were declared.

Your Board of Directors will continue to consider adjustments in the rate of common stock dividends depending upon earnings and our cash requirements necessary for expansion.

EXPANSION PROGRAM

Our principal expansion in 1968 took place in Canada, where we acquired the 57 unit Oslind chain and the 55 unit Sweet Sixteen chain. Both operate women's specialty shops.

In addition, your company opened 21 new units. In the United States, these included one Britts department store, three fabric shops and five free

standing restaurants and cafeterias. Included in Canada were nine Oslind Shoppes, two Sweet Sixteen stores and one United department store. As a result, the company had a total of 664 units in operation at year-end. During the year 26 existing stores were refurbished and modernized.

In 1969 and 1970 we plan to open a total of 125 new units, most of them in shopping centers or other prime locales. Consequently, by the end of 1970 we should have close to 800 units in operation in the United States and Canada.

Real estate commitments necessary to accomplish this objective are either completed or progressing satisfactorily. The opening of these units will depend, however, on the ability of the builders and developers--with whom we have signed leases--to deliver the completed buildings on schedule, an increasingly difficult task because of tight money market conditions.

EXECUTIVE CHANGES

Because of Newberrys growth and accelerated expansion program, your Board of Directors deemed it necessary to strengthen the Company's management staff by promoting key executives.

At a meeting held on January 27, 1969 the following promotions were made:

Walter C. Straus, President, became Chairman and Senior Corporate Officer. His principal functions will involve the development and future growth of the company.

Dean S. Campbell, Executive Vice President, became President and Chief Executive Officer.

Daryl D. Milius, Senior Vice President in Charge of Merchandising, became Executive Vice President and Chief Administrative Officer.

Farr J. Porter became Vice President-Merchandising and Sales promotion. He was formerly Vice President in charge of the Central Region, with headquarters in Omaha, Nebraska.

John J. Newberry, Jr. became Senior Vice President. He was formerly Vice President-Public Relations and will continue to function in that area.

NEW DIRECTORS

At the Company's last annual meeting, shareholders elected three new directors. These outstanding men are:

Joseph D. Farrell, consultant to the Fidelity Union Trust Co., Newark, New Jersey and formerly Vice President of the First National City Bank of New York.

Philip F. Leach, President of Leach & Gardner Company, fabricators of precious metals, and its affiliate General Findings, Inc., both based in Attleboro, Mass.

Joseph H. Taggart, Executive Dean, Schools of Business, and Dean, Graduate School of Business Administration, New York University.

REALIGNMENT OF RETAIL OPERATIONS

Our retail operations were restructured as of February 1, 1969. As a result, stores are no longer supervised regionally, but by type. This was accomplished through the creation of four new divisions: Britts Department Stores, Newberry Department Stores, Newberry Variety Stores, and Newberry Fabric Shops. In addition, we have two other previously created divisions--Food Service and Canadian Operations.

This realignment will promote greater efficiency because each division now specializes in only one area of retailing. The Corporate staff in New York coordinates the activities of these six divisions. The interchange of ideas and suggestions is already proving to be most beneficial for present and long-range planning.

LOOKING AHEAD

We look forward to continued growth in 1969 from internal expansion and possible acquisitions. Acquisitions may involve the same type of operations in which Newberry is now engaged as well as other profitable fields of retailing or food service.

Our growth program also offers increased opportunities to all our personnel. In anticipation of our manpower needs, the company presently has



Walter C. Straus

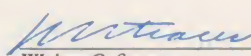
Dean S. Campbell

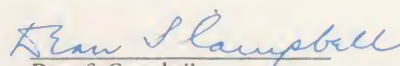
over 300 men-in-training as future store managers and executives.

Our new organizational structure should enable our existing stores to take advantage of the many opportunities for improving profit margins.

We want to express our appreciation to the many thousands of dedicated people--our co-workers--who have helped make 1968 a successful year. Their loyalty and continued efforts should ensure your Company's profitable progress.

Respectfully submitted,


Walter C. Straus
Chairman


Dean S. Campbell
President

April 11, 1969

Operations in the United States

Newberrys retailing operations are sufficiently diversified to meet the various needs of millions of customers from coast to coast.

At the beginning of 1969, the Company's retail units in the United States consisted of 22 Britts Department Stores, 234 Newberry Department Stores and 241 Newberry Variety Stores. About 40 new Department and Variety Stores are planned to be opened by the end of 1970.

Our Britts Department Stores emphasize nationally advertised brand name merchandise.

The Newberry Department Stores feature our



Upper Left: Typical Lingerie Department.

Upper Right: View of men's furnishings department in a Britts Store.

Lower Left: Planning and supervising store operations, training personnel, locating sites and planning for new stores are among the responsibilities of the men you see here.

They include standing: (left to right)

B. W. Maxson, Fabric Shops Division Manager; T. M. Williams, Vice President, Variety Stores Division Manager; G. L. Kelly, Vice President, Britts Division Manager; A. E. Baxter, Vice President, Newberry Department Stores Division Manager.

Seated: (left to right) H. J. Meyer, General Operations Manager; H. D. Ellsworth, Vice President, Director of Personnel; D. D. Milius, Executive Vice President; W. J. O'Brien, Vice President, Director of Real Estate; R. H. Ewen, Director of Store Planning.

To the Right: Entrance to the Newberry Department Store located on the mall in Mentor, Ohio.

private label merchandise, the range of which is constantly being increased.

Newberry Variety Stores, which are smaller in size, carry predominantly convenience-type merchandise. There is a very definite need for such stores just as there is for large full line department stores. Consequently, we have scheduled 10 new Variety Stores to be among the 40 units to be opened within the next two years.

A typical Newberry or Britts Department Store has 26 merchandise departments. Besides the many categories of clothing for women, men and children,

these stores offer wide assortments of other soft goods ranging from sheets and pillow cases to curtains and draperies, plus furniture, toys, toiletries, housewares, hardware, appliances and food.

Newberrys caters to the changing wants of customers. New products and fashions, as well as upgraded merchandise, are constantly being added to our lines in keeping with added demands, accelerated by higher incomes. Attractive displays, imaginative advertising and promotional campaigns are coordinated to capture the customers' attention.



Merchandising

In a population that is getting younger all the time, youth is having a marked effect on merchandising operations. Teenagers are responsible for many style innovations, and these in turn influence their parents.

Shopping is a family affair and Newberrys objective is to provide for the varied needs of all members of the family. Much attention is given by the Merchandise Division, therefore, to having the right merchandise available at the right time. This

involves the study of fashion, styling and economic trends, and deciding how best to maximize their potential.

Customers today want merchandise displayed in related groups. These natural groupings have greater appeal and make shopping easier. Store fixtures are continuously modernized to present the merchandise in attractive surroundings.

Another aid to merchandise selection by the customer is colorful and informative packaging and labeling. Such packaging helps to improve displays, thereby promoting impulse buying.



Upper Left: Marilyn Cozzens, a Newberry Fashion Coordinator.

Upper Right: A ladies wear department.

Lower Left, standing: (left to right)

E. D. Trevorrow, Sales Promotion and Advertising Director; A. T. Mahoney, Assistant to Director of Merchandise and Sales Promotion; R. W. Conley, Merchandise Manager—Men's and Boys' Wear, Footwear and Domestic; C. L. Jorgensen, Merchandise Manager—Ladies' Accessories, Intimate Apparel and Children's Wear; H. L. Bumann, Merchandise Distribution and Merchandise Control Director.

Seated: J. E. Kraus, Merchandise Manager—Smallwares and Hardlines; F. J. Porter, Vice President—Director of Merchandise and Sales Promotion; M. J. King, Merchandise Manager—Women's Outer Wear.

J. J. Newberry Co. and Subsidiaries

	<u>1969</u>	<u>1968</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Canadian bank advances	\$ 1,296,476	
Accounts payable and accrued liabilities	35,746,206	\$ 30,081,002
2.9% Sinking Fund Notes		3,500,000
Current instalments on long-term debt (Note 3)	1,769,906	1,583,574
Reserve for store closing program (Note 4)	775,000	1,298,000
Federal income taxes	3,075,000	1,751,000
Deferred federal income taxes (Note 2)	766,000	337,000
TOTAL CURRENT LIABILITIES	43,428,588	38,550,576
LONG-TERM DEBT (Note 3)	18,531,516	20,301,421
RESERVE FOR STORE CLOSING PROGRAM (Note 4)	7,545,000	8,554,000
OTHER LONG-TERM LIABILITIES	760,525	631,413
STOCKHOLDERS' EQUITY:		
CAPITAL STOCK (Notes 5 and 6):		
Cumulative preferred stock, par value \$100 per share; authorized, 125,000 shares, issuable in series; issued and outstanding, 95,050 shares, 3¾% series (redeemable at \$101.50 per share, plus accrued dividends)	9,505,000	10,000,000
Common stock, no par value; authorized, 5,000,000 shares; issued, 2,017,020 shares	13,864,431	13,550,999
RETAINED EARNINGS (Note 3)	59,433,067	55,913,017
	82,802,498	79,464,016
Less, 53,018 shares of common stock held in treasury, at cost	262,252	298,828
	82,540,246	79,165,188
	\$152,805,875	\$147,202,598

The accompanying notes are an integral part of the financial statements.

Notes To Financial Statements

1. The accompanying financial statements include the accounts of the Company and all subsidiaries, including three Canadian subsidiaries—United Stores of Canada, Limited, Oslind Shoppes Limited and Sweet Sixteen, Ltd.—acquired as of April 1, 1967, February 1, 1968 and August 1, 1968, respectively.

The purchase agreements underlying the acquisitions of Oslind and Sweet Sixteen provide for contingent future payments, not to exceed \$740,000, based on earnings (as defined) of these companies through 1971. At January 31, 1969, the Company has accrued \$154,000 for contingent payments under these agreements based on earnings through that date. The sellers of Sweet Sixteen have the option of receiving common stock of the Company based on market quotations at the time of acquisition (see Note 6), or alternatively, cash.

The excess of the purchase price of the above acquisitions (\$2,845,000, including amounts accrued for contingent payments) over the underlying net book assets at the dates of acquisition, which the Company believes is of such nature that amortization is not required, is included in deferred charges and other assets on the balance sheet.

2. For financial reporting purposes, on a recurring basis:
- Profits from all sales are recognized at time of sale; and
 - Depreciation on property and equipment is provided principally on the straight-line basis.
- For tax reporting purposes, the corresponding accounting practices are to:
- Defer profits on certain credit sales to future periods by use of the instalment method of accounting; and
 - Provide for depreciation by use of accelerated methods.

Accordingly, current operations are charged for income taxes deferred to future periods which are directly related to the aforementioned differences of reporting income for financial and tax purposes.

Deferred federal income taxes comprised:

	January 31, 1969	January 31, 1968
Deferred income tax reductions, net—noncurrent:		
Related to store closing program (Note 4)	\$3,622,000	\$4,106,000

Other	913,000	917,000
Less, deferred tax credits principally resulting from use of accelerated depreciation methods	<u>3,293,000</u>	<u>2,790,000</u>
	<u>\$1,242,000</u>	<u>\$2,233,000</u>
Deferred income taxes, net—current:		
Applicable to gross profit on instalment sales	\$1,138,000	\$ 960,000
Less, tax reduction related to store closing program (Note 4)	<u>372,000</u>	<u>623,000</u>
	<u>\$ 766,000</u>	<u>\$ 337,000</u>

Certain captions included in the Company's January 31, 1968 balance sheet have been reclassified in order to separately disclose net current and noncurrent deferred federal income taxes.

3. At January 31, 1969, long-term debt comprised:

	Current	Noncurrent	Total
Mortgages Payable	\$ 210,376	\$ 124,758	\$ 335,134
3¾% Sinking Fund Notes, payable to May 15, 1976	500,000	5,500,000	6,000,000
3½% Notes, payable from January, 1970 to 1975	26,530	505,758	532,288
5¼% Subordinated Notes, payable from October, 1969 to 1981	<u>1,033,000</u>	<u>12,401,000</u>	<u>13,434,000</u>
	<u>\$1,769,906</u>	<u>\$18,531,516</u>	<u>\$20,301,422</u>

The mortgages bear interest at various rates from 3¾% to 5% and are payable in various amounts through July 1, 1976.

The sinking fund note indenture provides for annual sinking fund payments of \$500,000 through May 15, 1975, and the balance of \$2,500,000 payable on May 15, 1976. The Company has the option of making certain additional sinking fund payments annually, without premium.

Certain prepayment privileges are available to the Company with respect to the long-term notes payable which provide for declining premium payments.

The notes and supplemental agreements contain certain covenants restricting the amount of retained earnings available for the payment of cash dividends or for acquisition of the Company's capital stock. At January 31, 1969, approximately \$10,100,000 of retained earnings is free of such restrictions.

4. During the year ended January 31, 1967, the Company's Board of Directors authorized the adoption of a program to dispose of certain unprofitable stores in that and subsequent years. Extraordinary, nonrecurring charges incurred in connection with such store closing program are charged to the reserve previously provided for that purpose.

5. On June 11, 1968, the stockholders approved amendments to the Company's Certificate of Incorporation which provide for: (a) an increase in the amount of authorized common stock from 2,500,000 to 5,000,000 shares; (b) authorization of a new class of 1,500,000 shares of subordinate preferred stock, issuable in series with designations, rights and preferences to be fixed by the Board of Directors at the time of issuance; no shares of this class of stock have been issued; (c) establishment of a sinking fund to be used for the purchase or redemption annually of 2,500 shares of outstanding 3¾% cumulative preferred stock. During the period from June 11, 1968 through January 31, 1969, the Company purchased 4,950 shares of this class of stock for sinking fund purposes. The excess (\$189,528) of par value over cost of the preferred stock acquired has been credited to capital surplus, which is included in the common stock account.

6. At January 31, 1969, 57,265 shares of common stock are reserved for issuance under the Company's Stock Option Plan for Key Employees. The plan authorized the granting of options to key employees to purchase shares of common stock for 110% of the fair market value at the date of grant. Options expire five years from date of grant, and generally become initially exercisable two years from date of grant to the extent of 20% annually (on a cumulative basis). During the year ended January 31, 1969, options for 7,210 shares at \$21.36 per share were exercised and options for 5,000 shares were cancelled. The excess of the proceeds of stock options exercised (\$118,311) over the cost of treasury stock issued has been credited to the common stock account. At January 31, 1969, options for 57,265 shares at \$19.94 per share are outstanding; no further options may be granted under the plan.

At January 31, 1969, 4,755 shares of common stock are reserved for future issuance under the Incentive Stock Bonus Plan; during the year ended January 31, 1969, 179 shares

were issued to eligible participants. The excess (\$5,593) of fair market value of these shares at date issued over the cost of treasury shares distributed has been credited to the common stock account.

At January 31, 1969, 163,381 shares of common stock are reserved for warrants, expiring on October 1, 1981, to purchase common stock at a price of \$49.33 per share; no warrants were exercised during the year ended January 31, 1969.

At January 31, 1969, 15,503 shares of common stock are reserved in connection with the acquisition of Sweet Sixteen Ltd. (see Note 1).

7. The provisions for federal income taxes have been reduced by Investment Tax Credits in the amounts of \$200,000 and \$269,000 in the years ended January 31, 1969 and 1968, respectively.

8. For accounting purposes, the acquisitions of the Canadian subsidiaries (see Note 1) have been treated as purchases. Accordingly, the operations of these companies have been included in the consolidated statements of income since the respective dates of acquisition. In this connection, net sales and net income aggregated \$24,192,000 and \$122,000, respectively, for 1969 and \$11,593,000 and \$335,000, respectively, for 1968. At January 31, 1969, the net assets of these Canadian companies aggregated \$5,691,000.

9. At January 31, 1969, the Company had long-term leases on buildings, fixtures and equipment expiring between 1973 and 2047 (without consideration of renewals). Minimum aggregate annual rentals under such leases, exclusive of realty taxes and other charges, approximate \$20,700,000. Certain of the leases provide for additional rentals based upon sales.

10. The Company and all domestic and one Canadian subsidiary have contributory trustee (self-administered for Canadian subsidiary) retirement plans for all eligible employees which provide for retirement benefits based on age, earnings and length of service. Pension costs under these plans approximated \$410,000 and \$500,000 (before income tax effect) for the years ended January 31, 1969 and 1968, respectively. The Company's policy is to fund pension cost accrued.

10 Year Summary Highlights

Dollar Amounts (Except Per Share Earnings and Book Values) Shown in Thousands.

YEAR‡	1968	1967	1966	1965	1964	1963
Number of units	664	544	529	548	575	574
Sales	\$ 376,098	\$ 360,318	\$ 353,868	\$ 355,667	\$ 336,281	\$ 319,344
Earnings before federal taxes	\$ 11,207	\$ 9,119	\$ 6,688	\$ 6,895	\$ 2,894	\$ 3,856*
Net earnings after federal taxes (Note 1)	\$ 5,457	\$ 5,034	\$ 4,403	\$ 4,413	\$ 2,015	\$ 2,556*
Net earnings per share (Note 1)	\$ 2.59	\$ 2.38	\$ 2.06	\$ 2.08	\$ 0.85	\$ 1.53*
Shares of common stock outstanding	1,964,002	1,956,613	1,956,529	1,888,690	1,874,583	1,860,017
Merchandise inventories	\$ 85,298	\$ 80,922	\$ 72,768	\$ 77,082	\$ 68,310	\$ 74,480
Common stockholders' equity	\$ 73,035	\$ 69,165	\$ 65,678	\$ 68,328	\$ 64,753	\$ 62,511
Book value per share of common stock	\$ 37.19	\$ 35.35	\$ 33.57	\$ 35.12	\$ 33.54	\$ 32.63
Ratio of current assets to current liabilities	2.4	2.6	3.0	3.3	3.6	2.7

Note 1—Exclusive of special items, net of tax effects, amounting to a charge in 1966 of \$6,876 (\$3.51 per share); a credit in 1964 of \$338 (\$0.18); a charge in 1963 of \$2,220 (\$1.15 per share); and credits in 1962 of \$455 (\$0.24 per share) and in 1961 of 1,206 (\$0.64 per share).

*Indicates loss.

‡1965 through 1968 are years ended January 31st of the subsequent year; 1959 through 1964 are years ended December 31st.

J. J. Newberry Co. and Subsidiaries

1962	1961	1960	1959
567	564	559	462
\$ 312,511	\$ 291,237	\$ 265,818	\$ 238,008
\$ 3,639	\$ 6,567	\$ 9,390	\$ 11,242
\$ 1,929	\$ 3,486	\$ 4,779	\$ 5,590
\$ 0.82	\$ 1.65	\$ 2.35	\$ 3.22
1,843,915	1,831,620	1,816,719	1,570,405
\$ 84,772	\$ 74,978	\$ 60,481	\$ 50,286
\$ 67,665	\$ 68,885	\$ 67,729	\$ 60,908
\$ 35.63	\$ 36.51	\$ 36.20	\$ 37.66
2.9	3.5	3.3	3.1

Auditors' Report

To the Board of Directors and Stockholders,

J. J. NEWBERRY CO.:

We have examined the consolidated balance sheet of J. J. NEWBERRY CO. and SUBSIDIARIES as of January 31, 1969 and the related consolidated statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the consolidated financial statements of the Company and its subsidiaries for the year ended January 31, 1968.

In our opinion, the aforementioned financial statements present fairly the consolidated financial position of J. J. Newberry Co. and Subsidiaries at January 31, 1969 and 1968, and the consolidated results of their operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

We have made a similar examination of the consolidated statement of source and application of funds which, in our opinion, when considered in relation to the basic financial statements, presents fairly the source and application of funds of J. J. Newberry Co. and Subsidiaries for the year ended January 31, 1969.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, March 21, 1969.

Consolidated Statement of Source and Application of Funds

Year ended January 31

J. J. Newberry Co. and Subsidiaries

	1969
SOURCE:	
Net income	\$ 5,456,641
Depreciation and amortization	4,045,000
Deferred income taxes	991,000
	<u>\$ 10,492,641</u>
APPLICATION:	
Net additions to property and equipment, less dispositions in connection with store closing program of \$207,000	\$ 5,845,933
Property and equipment of Oslind Shoppes Limited and Sweet Sixteen, Ltd. at dates of acquisition	719,311
Cash dividends:	
Common stock	\$ 1,568,795
Preferred stock	<u>367,796</u>
Net decrease in long-term debt and other long-term liabilities	1,640,793
Increase in deferred charges and other assets	1,588,903
Reduction in non-current reserve for extraordinary losses in connection with store closing program	1,009,000
Net decrease in capital stock	144,992
Decrease in working capital	2,392,882
	<u>\$ 10,492,641</u>

Fabric Shops

The three Newberry Fabric Shops opened in 1968 are the forerunners of what we expect to be a highly successful chain devoted exclusively to the sale of fabrics and sewing accessories.

These fabric shops fill a vital need. Millions of women and teenagers are home-sewers. The younger set is particularly eager to wear the newest fashions. They also desire a variety of changes, often within a limited clothing allowance. Furthermore, the increasing variety of fabrics, versatile as never before,

are attracting more and more women to their sewing machines.

At the Newberry Fabric Shops our customers find, along with attractively displayed bolts of fabric for every use and every description, a full collection of pattern books, all kinds of notions and accessories, even a fashion and home decorating library.

In a period when individuality of dress is a fad among young girls, as well as the not-so-young women who are nevertheless young in heart, home-sewing is becoming an attractive hobby through which Newberrys can profit.



Food Service

Newberrys has long been known as a "good place to eat." The menus at our snack bars, cafeterias, coffee shops and restaurants offer a variety of excellent food, attractively served and fairly priced.

Originally, the company had only snack bars and fountains in its stores. When larger stores were constructed, cafeterias and table service were

provided. In 1968, over 350 Newberry stores in the United States had eating facilities.

The opening of free standing restaurants and cafeterias (units which are not located within a store) was a natural outgrowth of Newberrys experience in this profitable field. Fourteen restaurants and cafeterias--some with cocktail lounges--are currently in operation. Those in the East are known as "Wm. Tally House," and those in the West are called "Holland House."



In 1968, more than 30 million people were served in a Newberry snack bar, cafeteria, coffee shop, or free standing restaurant, according to William H. Jones (left), Vice President in charge of Food Services.

The favorite dish at restaurants and cafeterias is--in most locales--roast beef, usually carved before your eyes.

Among Newberrys many local patrons are youngsters, who enjoy anything at our stores from an ice cream soda to a salad (right).

In 1968, five free standing restaurants were opened, four in Florida and one in Mississippi. They are located in Tallahassee, Tarpon Springs, Ft. Myers and Deerfield Beach, Florida and in Biloxi, Mississippi.

We expect eleven new free standing restaurants and cafeterias to be opened in 1969. Already opened is the Wm. Tally House restaurant, coffee shop and cocktail lounge in North Adams, Mass. and the Wm. Tally House cafeteria in York, Pennsylvania. Soon to be opened are restaurants or cafeterias in

Naples, Florida; Escondido, California; Ellsworth, Maine; and Bryan, Texas.

Like the merchandise we sell in the stores, the food that is served is rigidly tested. The maintenance of a test kitchen, evaluation of new recipes, and use of the latest equipment, have been prime factors in steadily enhancing Newberrys reputation in the food field.

Menus--at snack bars or restaurants--are, of course, geared to local tastes. Special foods are often featured to attract new customers.



Operations in Canada

In 1968, Newberrys expanded its Canadian operations by acquiring two well-known women's specialty shop chains: Oslind Shoppes, Ltd., which had 57 units principally in the provinces of Ontario and Quebec, and Sweet Sixteen, Ltd., which had 55 units in the western provinces of Alberta and British Columbia.

The company entered the Canadian market in 1967, acquiring what is now known as United Stores of Canada, a 31 unit junior department store and variety store chain, operating principally in the provinces of Ontario and Quebec.

The 1968 acquisitions greatly expanded our Canadian operations and, at year-end, the company had over 150 units coast to coast. We expect that Oslind Shoppes and Sweet Sixteen will expand rapidly in 1969 and 1970. A combined total of about 40 units will be opened in these two years.



Upper left: Recently remodeled Sweet Sixteen store, in Vancouver, B.C.

Upper right: Interior of the new United store in Pierrefonds, Quebec.

Lower left: Attending opening of Pierrefonds store: M. Tollinsky, Store Manager; A. Theoret, Mayor of Pierrefonds; W. C. Straus, Chairman, J. J. Newberry Co.

To the Right: Oslind's store located in Mall of Cornwall, Ontario, opened in 1968.

Osling Shoppes and Sweet Sixteen, which have been growing in popularity, specialize in ready to wear apparel and accessories for women, teenagers and children. Because of the success of these two chains, there is a likelihood that Newberry may open similar types of stores in the United States.

United Stores of Canada, in addition to refurbishing a number of its variety and junior department stores, will also expand. In 1969, a new full line Britts Department Store--similar to those in the United States--has already been opened.

Two more stores are planned to be opened this year and possibly four more in 1970. Canada is growing rapidly and the standard of living is constantly rising. We have found that just as our customers in the United States are purchasing high style, high quality merchandise, more and more Canadians are also anxious to do so. Such merchandise is available through Britts Department Stores, which have unlimited growth potential.





Top Picture:

Board of Directors Meeting (*left to right*)
 Joseph D. Farrell/Ben R. Gordon/Mollie N. Gronauer/
 Daryl D. Milius/Mervin G. Pallister/Dean S. Campbell/
 Walter C. Straus/E. Walter Forsman (attending by
 invitation)/F. Stark Newberry/Louis D. Miltimore/
 Thomas L. Zimmerman/Joseph H. Taggart/
 Richard W. Meyer
Missing: John J. Newberry, Jr./Philip F. Leach

Center Picture: (left to right)

M. G. Pallister, Secretary
 J. J. Newberry, Jr., Sr. Vice President

Bottom Picture: (left to right)

E. H. Schroeder, Treasurer
 J. A. Heely, Controller
 H. D. Von Oesen, Vice President—Financial Planning
 E. W. Forsman, Financial Vice President



Officers and Directors

OFFICERS:

Chairman of the Board, W. C. STRAUS

President, D. S. CAMPBELL

Executive Vice-President, D. D. MILIUS

Senior Vice-President, J. J. NEWBERRY, JR.

Financial Vice-President, E. W. FORSMAN

Vice-Presidents:

G. L. KELLY, Britts Division

A. E. BAXTER, Department Stores Division

T. M. WILLIAMS, Variety Stores Division

B. R. GORDON, Canadian Operations

W. H. JONES, Food Service

W. J. O'BRIEN, Real Estate

H. D. ELLSWORTH, Personnel

F. J. PORTER, Merchandising and Sales Promotion

H. D. VON OESSEN, Financial Planning

Treasurer, E. H. SCHROEDER

Secretary, M. G. PALLISTER

Controller, J. A. HEELY

Assistant Treasurer, C. W. HALL

Assistant Secretary, R. J. HARLOW

Assistant Controller, W. R. HOLLOWAY

DIRECTORS:

D. S. CAMPBELL

J. D. FARRELL

B. R. GORDON

MOLLIE N. GRONAUER

P. F. LEACH

R. W. MEYER

D. D. MILIUS

L. D. MILTIMORE

F. S. NEWBERRY

J. J. NEWBERRY, JR.

M. G. PALLISTER

W. C. STRAUS

J. H. TAGGART

T. L. ZIMMERMAN

EXECUTIVE OFFICES

245 Fifth Ave., New York, New York 10016

TRANSFER AGENT

The Chase Manhattan Bank, N.A.

REGISTRAR

Morgan Guaranty Trust Co. of New York

AUDITORS

Lybrand, Ross Bros. & Montgomery

Newberrys 664 Units in the United States and Canada

BRITTS DEPARTMENT STORE DIVISION

Britts	22
Taylor's	1

NEWBERRY DEPARTMENT STORE DIVISION

Newberrys	216
Hested	17
Lee	1
	234

NEWBERRY VARIETY STORE DIVISION

Newberry	175
Hested	45
Lee	19
	239

NEWBERRY FABRIC SHOPS DIVISION

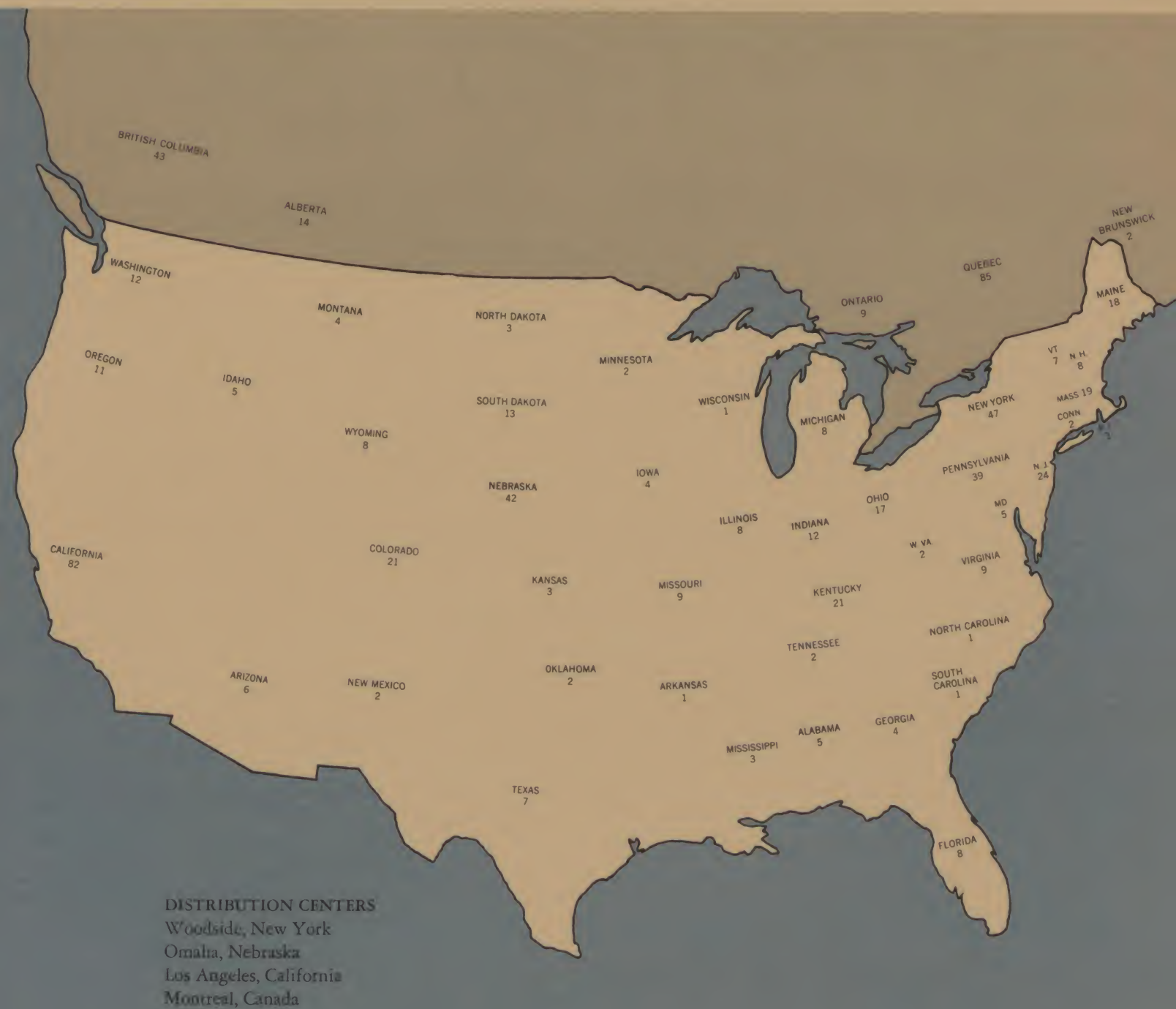
Fabric Shops	3
--------------	---

FREE STANDING RESTAURANTS & CAFETERIAS

Wm. Tally House	8
Holland House	4
	12

CANADA

United	31
Osling	65
Sweet Sixteen	57
	153



Newberrys
664 Units in the United States and Canada





Canada

UNITED STORES

QUEBEC—29
 Charlesbourg
 Chicoutimi
 Dorval
 Drummondville
 Granby
 Jacques Cartier
 Joliette
 Jonquiere
 Lachine
 Laval
 Montreal (4)
 Pierrefonds
 Quebec (3)
 Rimouski
 Shawinigan
 Sherbrooke
 Sorel
 St. Hyacinthe
 St. Jean
 Trois Rivières (2)
 Valleyfield (2)
 Verdun

ONTARIO—1
 Ottawa

NEW BRUNSWICK—1
 Saint John

OSLIND SHOPPES

QUEBEC—56
 Beaconsfield
 Beloeil (2)
 Chambly
 Chomedey
 Dollard des Ormeaux
 Dorval
 Drummondville
 Duvernay
 Granby
 Hull
 Ile Perrot
 Jacques Cartier
 Lachine (2)
 LaSalle (2)
 Laval
 Longueuil
 Montreal (20)
 Pont Viau
 Quebec City
 Rosmere

Sherbrooke
 St. Eustache
 St. Jean
 St. Jerome (2)
 St. Laurent (2)
 St. Michel
 Verdun (3)
 Victoriaville
 Ville Emard
 Westmount

ONTARIO—8
 Brockville
 Cornwall (3)
 Kingston
 Ottawa (3)

NEW BRUNSWICK—1
 Bathurst

SWEET SIXTEEN

BRITISH COLUMBIA—43
 Abbotsford
 Campbell River
 Chilliwack
 Courtenay
 Dawson Creek
 Haney
 Kamloops
 Kelowna
 Kimberley
 Langley
 Nanaimo
 Nelson
 New Westminster (2)
 North Burnaby (2)
 North Delta
 North Surrey
 North Vancouver (2)
 Penticton
 Powell River
 Prince George (2)
 Prince Rupert

Port Alberni
 Quesnel
 Richmond
 South Burnaby
 Terrace
 Trail
 Vancouver (7)
 Vernon
 Victoria (2)
 West Vancouver
 Williams Lake

ALBERTA—14
 Calgary (4)
 Camrose
 Edmonton (3)
 Grande Prairie
 Lethbridge (2)
 Medicine Hat
 Red Deer
 Stettler

United States

ALABAMA 5
Birmingham (2)
Birmingham (T)
Birmingham (HH)
Dothan

ARIZONA 6
Douglas
Mesa
Phoenix (4)

ARKANSAS 1
Hot Springs

CALIFORNIA 82
Alhambra
Alhambra (B)
Bakersfield (2)
Bell
Bellflower
Beverly Hills
Brawley
Buena Park
Burbank (2)
Compton (3)
Compton (HH)
Culver City
Downey
El Centro
Fresno
Garden Grove
Glendora
Granada Hills
Hollywood
Huntington Park
Inglewood
LaMirada
Long Beach
Los Angeles (14)
Los Angeles (HH)
Los Angeles (B)
Merced
Millbrae (B)
Monterey Park
Norwalk
Oakland
Ontario
Palos Verdes Peninsula
Pomona
Porterville
Redondo Beach (2)
Reseda
Salinas
San Diego (4)
San Francisco
San Jose
San Mateo
San Pablo
San Pedro (2)
Santa Ana
Santa Barbara
Santa Monica (2)
Stockton
Sunland
Sunnyvale
Thousand Oaks
Torrance (2)
Vallejo
Van Nuys
Ventura
Visalia
West Covina
Whittier

COLORADO 21
Alamosa (H)
Arvada (H)
Aurora (H)
Craig (H)
Delta (H)
Denver (5) (H)
Florence (H)
Fort Collins (H)
Glenwood Springs (H)
Golden (H)
Grand Junction (H)
Greeley (2) (H)
Monte Vista (H)
Pueblo
Rocky Ford (H)
Sterling (H)

CONNECTICUT 2
Hartford
Torrington

FLORIDA 8
Bradenton (WT)
Deerfield Beach (WT)
Ft. Lauderdale (B)
Ft. Meyers (WT)
Pensacola
Sea Ranch (WT)
Tallahassee (WT)
Tarpon Springs (WT)

GEORGIA 4
Atlanta
Columbus
Macon (2)

IDAHO 5
Boise
Idaho Falls
Lewiston
Pocatello
Twin Falls

ILLINOIS 8
Caton
Collinsville
Granite City
Litchfield
Macomb
Melrose Park
Rock Island
West Frankfort

INDIANA 12
Auburn
Connersville
Decatur
East Chicago
Goshen
Hammond
Hartford City
Indiana Harbor
Jasper
Marion
Martinsville
Whiting

IOWA 4
Carroll (L)
Denison (L)
Glenwood (L)
Storm Lake (L)

KANSAS 3
Coffeyville
Marysville (H)
Parsons

KENTUCKY 21
Bardstown
Central City
Corbin
Cynthiana
Danville
Elizabethtown
Frankfort
Glasgow
Harlan
Harradsburg
Hazard
Henderson
Lebanon
Mayfield
Mt. Sterling
Owensboro
Paris
Pineville
Richmond
Somerset
Winchester

MAINE 18
Brunswick
Calais
Caribou
Dover-Foxcroft
Eastport
Ellsworth
Ellsworth (B)
Farmington
Fort Kent
Lincoln
Madawaska

Mars Hill
Millinocket
Norway
Presque Isle
Rockland
Rumford
Van Buren

MARYLAND 5
Annapolis (B)
Brunswick
Elkton
Hagerstown
Pocomoke City

MASSACHUSETTS 19
Bridgewater
Chelsea
Clinton
Fall River
Falmouth
Franklin
Gardner
Haverhill
Leominster
Newburyport
North Adams
Northampton
North Attleboro
Peabody
Pittsfield
Stoughton
Wakefield
Westfield
Whitman

MICHIGAN 8
Alma
Calumet
Houghton
Iron River
Ishpeming
Ludington
Port Huron
Three Rivers

MINNESOTA 2
Moorhead
Pipestone (L)

MISSISSIPPI 3
Biloxi
Biloxi (WT)
Meridian

MISSOURI 9
Columbia
Excelsior Springs
Kansas City
Maplewood
Poplar Bluff
Richmond Heights
St. Louis (B)
St. Louis
Springfield

MONTANA 4
Billings
Great Falls (H)
Hardin (H)
Missoula

NEBRASKA 42
Alnsworth (L)
Albion (L)
Alliance (H)
Auburn (H)
Aurora (H)
Beatrice (H)
Bellevue (H)
Broken Bow (H)
Central City (H)
Chadron (H)
David City (L)
Fairbury (H)
Falls City (H)
Geneva (H)
Gering (H)
Gordon (L)
Grand Island (H)
Grand Island
Hastings (H)

Hebron (H)
Holdrege (H)
Kimball (H)
Lincoln (H)
McCook (H)
Minden (H)
Nebraska City (H)
Neligh (H)
Norfolk (H)
Ogallala (L)
Omaha (4) (H)
O'Neill (L)
Ord (L)
Ralston (H)
Sidney (L)
Superior (H)
Tecumseh (H)
Valentine (L)
West Point (H)
York (H)

NEW HAMPSHIRE 8
Concord
Concord (B)
Dover
Franklin
Laconia
Littleton
Plymouth
Portsmouth

NEW JERSEY 24
(Incl. 3 Fabric Shops)
Asbury Park
Atlantic City
Boonton
Brick Town (B)
Caldwell
Dover
East Brunswick
Freehold
Freehold (B)
Hackettstown
Keyport
Long Branch
Millville
New Brunswick
Newton (B)
Paramus
Red Bank
Springfield
Verona
Vineland
Wildwood
(Fabric Shops)
Chatham
Florham Park
Somerville

NEW MEXICO 2
Las Vegas
Raton

NEW YORK 47
Albion
Batavia
Bayshore
Binghamton (B)
Canandaigua
Canton
Canton (B)
Catskill
Cobleskill
Cooperstown
Corning
Cortland
Elmira
Endicott
Gloversville (B)
Gloversville
Gouverneur
Greenpoint
Hicksville
Hornell
Hudson
Ithaca
Kingston (B)
Lyons
Malone
Manhasset
Massena
Middletown
Northville
Ogdensburg
Oneonta
Ossining

Owego
Penn Yan
Perry
Port Jervis
Salamanca
Saranac Lake
Saratoga Springs
Saugerties
Ticonderoga
Tupper Lake
Valley Stream
Walton
Watertown
Wellsville
Whitehall

NORTH CAROLINA 1
Monroe

NORTH DAKOTA 3
Bismarck (L)
Minot
Rugby (L)

OHIO 17
Ashland
Ashtabula
Bryan
Bucyrus
Cambridge
Chillicothe (B)
Cincinnati
Cleveland
Conneaut
Coshocton
East Palestine
Findlay (B)
Mentor
New Philadelphia
Palmsville
Tiffin
Wooster

OKLAHOMA 2
Okmulgee
Sapulpa

OREGON 11
Astoria
Bend
Eugene
Medford (2)
Portland (3)
Portland (HH)
Roseburg
Salem

PENNSYLVANIA 39
Berwick
Bradford
Carbondale
Chambersburg
Coalport
Coatesville
Danville
Downingtown
DuBois
Ephrata
Forest City
Freeland
Jim Thorpe
Jersey Shore
Kennett Square
Lansford
Lewisburg
Lock Haven
Mahanoy City
Milton
Mt. Carmel
Newport
Northampton
Oxford
Pottstown
Pottstown (B)
Renovo
Ryersford
Sayre
Shamokin
Shenandoah
Somerset
Stroudsburg
Sunbury
Tamaqua

Towanda
Waynesboro
Wellsboro
Williamsport (B)

RHODE ISLAND 3
Newport
Warren
West Warwick

SOUTH CAROLINA 1
Camden

SOUTH DAKOTA 13
Aberdeen
Belle Fourche (L)
Chamberlain (L)
Huron
Lead
Mitchell
Pierre
Rapid City
Sioux Falls
Sturgis (L)
Vermillion
Winner (L)
Yankton

TENNESSEE 2
Gallatin
Jellico

TEXAS 7
Austin
Beaumont
Eagle Pass
El Paso (2)
Houston (B)
Houston

VERMONT 7
Barre
Bellows Falls
Newport
Springfield (B)
White River Junction (WT)
White River Junction
Windsor

VIRGINIA 9
Culpeper
Fredericksburg
Front Royal
Lexington
Salem
South Boston
Waynesboro
Winchester
Wytheville

WEST VIRGINIA 2
Charles Town
Martinsburg

WISCONSIN 1
Superior

WYOMING 8
Buffalo (H)
Douglas (H)
Gillette (H)
Laramie (H)
Newcastle (H)
Rock Springs
Torrington (H)
Wheatland (H)

(B) Britts
(H) Hesteds
(L) Lee's
(T) Taylors
(WT) Wm. Tally House
(HH) Holland House



Newberrys 
IF IT'S QUALITY YOU'RE LOOKING FOR